

STANSBURY SERVICE AGENCY OF TOOELE COUNTY

FINANCIAL REPORT

DECEMBER 31, 2006

STANSBURY SERVICE AGENCY OF TOOELE COUNTY

FINANCIAL REPORT

DECEMBER 31, 2006

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Stansbury Service Agency of Tooele County

We have audited the accompanying financial statements of the governmental activities, and each major fund of Stansbury Service Agency of Tooele County (the Agency) as of and for the year ended December 31, 2006, which collectively comprise the Agency's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Stansbury Service Agency of Tooele County's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund of Stansbury Service Agency of Tooele County as of December 31, 2006, and the respective changes in financial position and budgetary comparison for the general fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 19, 2007, on our consideration of Stansbury Service Agency of Tooele County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 through 7 are not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Stansbury Service Agency of Tooele County's basic financial statements. The accompanying supplemental schedule listed in the Table of Contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of Stansbury Service Agency of Tooele County. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Wiggins & Co. P.C.

Sandy, Utah
June 19, 2007

STANSBURY SERVICE AGENCY OF TOOELE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2006

This section of the Stansbury Service Agency of Tooele County's annual financial report presents our discussion and analysis of the Service Agency's financial performance during the fiscal year ended December 31, 2006. Please read it in conjunction with the transmittal letter at the front of this report and the financial statements, which follow this section:

FINANCIAL HIGHLIGHTS

- The Stansbury Service Agency of Tooele County's *total combined net assets* are \$19,363,177.
- During the year, the Service Agency program *expenses* were \$615,760.
- The changes in net assets amounted to \$656,198.
- During the year, the Service Agency program *revenues* were \$602,088 and general revenues were \$669,870.
- During the year, the Service Agency collected \$558,171 in *property taxes*.
- The *general fund* balance is \$2,596,362 with \$2,165,688 being *restricted* for impact fees.
- The *unrestricted* fund balance is \$430,674.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Stansbury Service Agency of Tooele County's basic financial statements. The Service Agency's basic financial statement comprises two components: 1) government wide financial statements and 2) fund financial statements.

The basic financial statements include two kinds of statements that present different views of the district:

- The Statement of Net Assets provides government-wide long-term and short-term information about the Service Agency's overall financial status.
- The Governmental Funds Balance Sheet, and Reconciliation of Balance Sheet, provides government-wide long-term and short-term information about the Service Agency's restricted and unrestricted assets, liabilities, and fund balances.
- The Statement of Revenues, Expenses, & Changes in Fund Balances and its Reconciliation provides government-wide information about the Service Agency's revenues and expenses for the year.
- The Debt Service fund provides information for the Service Agency to pay for long-term debt.

**STANSBURY SERVICE AGENCY OF TOOELE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2006**

Government-wide statements:

The government-wide statements report information about the Service Agency as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

Fund Financial Statements:

The fund financial statements provide more detailed information about the Service Agency's most significant funds – not the Service Agency as a whole. Funds are accounting devices that the Service Agency uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by bond covenants.
- The Board of Trustees establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The Service Agency has two kinds of funds:

- General fund - This is the general operating fund of the Agency. The general fund is used for all financial resources except those required to be accounted for in another fund.
- Debt Service fund – This fund is used to account for long-term liabilities to be financed from government funds.

FINANCIAL ANALYSIS OF THE SERVICE AGENCY AS A WHOLE

Net assets. The Service Agency's combined net assets for 2006 were \$19,363,177. (See table 1)

**Table 1
Stansbury Service Agency of Tooele County Net Assets**

	Governmental Activities		Percentage Change
	2005	2006	
ASSETS			
Total Current Assets	\$ 2,372,805	\$ 2,607,986	9.91%
Non Current Assets:			
Property, plant and equipment (net of accumulated depreciation)	16,041,382	16,367,026	2.03%
Other assets – Water rights	446,557	446,557	0.00%
Total Assets	\$ 18,860,744	\$ 19,421,569	2.97%

STANSBURY SERVICE AGENCY OF TOOELE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2006

Table 1 (Continued)
Stansbury Service Agency of Tooele County Net Assets

LIABILITIES			
Total Current Liabilities	\$ 93,765	\$ 35,227	-62.43%
Non Current Liabilities:			
Long-term Debt	60,000	23,165	-61.39%
Total Liabilities	153,765	58,392	-62.03%
NET ASSETS			
Investment in capital assets (net of related debt)	\$ 16,355,466	\$ 16,320,258	-0.22%
Restricted For:			
Impact Fees	1,914,132	2,165,688	13.14%
Debt Service	30,428	-	-100.00%
Total Restricted	1,944,560	2,165,688	11.37%
Unrestricted:	406,953	877,231	115.56%
Total Net Assets	18,706,979	19,363,177	3.51%
Total Net Assets and Liabilities	\$ 18,860,744	\$ 19,421,569	2.97%

A portion of the net assets are either restricted as to the purposes they can be used for or they are invested in capital assets. Unrestricted net assets may be used to fund Service Agency programs in the next fiscal year. However, this does not mean that the Service Agency has significant surplus resources available to pay its bills next year. Rather it is the result of having long-term commitments that are currently less than available resources. The balance has remained similar to the prior years.

**STANSBURY SERVICE AGENCY OF TOOELE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2006**

**Table 2
Stansbury Service Agency of Tooele County Changes in Net Assets**

	Governmental Activities		Percentage
	2005	2006	Change
REVENUES			
Program revenues			
Charges for services	\$ 79,013	\$ 96,018	21.52%
Capital grants and contributions	648,739	506,070	-21.99%
General revenues			
Property taxes – general	432,463	530,300	22.62%
Property taxes – debt service	54,949	27,871	-49.28%
Interest allocated to impact fees	46,667	97,228	108.34%
Interest	7,682	14,471	88.38%
Total Revenues	1,269,513	1,271,958	0.19%
Expenses			
General government	168,124	186,311	10.82%
Park	135,091	117,661	-12.90%
Clubhouse	34,415	48,024	39.54%
Pool	53,547	71,139	32.85%
Golf course	7,669	19,208	150.46%
Lake	9,437	35,196	272.96%
Greenbelt	154,545	134,047	-13.26%
Interest on long-term debt	5,364	4,174	-22.18%
Total Expenses	568,192	615,760	8.37%
Increase in net assets	701,321	656,198	-6.43%
Net assets – beginning	18,005,658	18,706,979	3.90%
Net assets – ending	<u>\$ 18,706,979</u>	<u>\$ 19,363,177</u>	3.51%

The total of all program revenues and general revenues was \$1,271,958 for the year. General revenues from general property taxes was \$530,300 for the year. General revenues from debt service property taxes was \$27,871 for the year. The total of all program expenses was \$615,760 for the year.

**STANSBURY SERVICE AGENCY OF TOOELE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2006**

General Fund Budgetary Highlights

- Over the course of the year the Service Agency revised its budget. Even with these adjustments, actual expenditures were below final budget amounts.
- Revenues available were above the final budget amount. Property taxes were received by the Service Agency late in the year and unable to be budgeted or expended before the end of the year. These revenues will be carried over to the next fiscal year's Capital Improvement budget.
- Capital assets purchased for the year was \$426,023, \$211,227 of which was paid for from impact fees, and \$214,796 paid from the Agency's operations. There was no additional debt incurred.

Economic Factors and Next Year's Budgets

- Property tax revenues are increasing due to increased value and growth.
- Impact fee revenues are increasing due to growth.

These indicators were taken into account, when adopting the budgets for 2007. The Service Agency will use these increases in revenue to finance programs we currently offer.

Contacting the Service Agency's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Stansbury Service Agency of Tooele County's finances and to demonstrate the Service Agency's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Stansbury Service Agency, 1 Country Club, Suite 1, Stansbury Park, UT 84074, phone 435-882-6188.

STANSBURY SERVICE AGENCY OF TOOELE COUNTY
STATEMENT OF NET ASSETS
DECEMBER 31, 2006

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and cash equivalents - unrestricted	\$ 122,479
Cash and cash equivalents - restricted	2,088,288
Property taxes receivable	315,405
Other governmental entity - impact fees receivable	77,400
Other receivables	<u>4,414</u>
Total current assets	<u>2,607,986</u>
Property, plant, and equipment (net of accumulated depreciation)	<u>16,367,026</u>
Other assets:	
Water rights	<u>446,557</u>
Total other assets	<u>446,557</u>
Total Assets	<u>\$ 19,421,569</u>
LIABILITIES	
Current liabilities:	
Accrued expenses	\$ 11,624
Long-term debt - due within one year	<u>23,603</u>
Total current liabilities	<u>35,227</u>
Noncurrent liabilities:	
Long-term debt - due in more than one year	<u>23,165</u>
Total noncurrent liabilities	<u>23,165</u>
NET ASSETS	
Invested in capital assets, net of related debt	16,320,258
Restricted:	
Restricted - impact fees (expendable)	2,165,688
Unrestricted	<u>877,231</u>
Total net assets	<u>19,363,177</u>
Total current liabilities and net assets	<u>\$ 19,421,569</u>

The accompanying notes are an integral part of these financial statements.

STANSBURY SERVICE AGENCY OF TOOELE COUNTY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2006

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Capital Grants and Contributions	
Governmental activities:				
General government	\$ 186,311	\$ 8,514	\$ -	\$ (177,797)
Park	117,661	-	365,500	247,839
Clubhouse	48,024	19,373	-	(28,651)
Pool	71,139	43,719	-	(27,420)
Golf course	19,208	24,412	-	5,204
Lake	35,196	-	-	(35,196)
Greenbelt	134,047	-	140,570	6,523
Interest on long-term debt	4,174	-	-	(4,174)
Total governmental activities	615,760	96,018	506,070	(13,672)
General revenues				
Property taxes - general				530,300
Property taxes - debt service				27,871
Interest allocated to impact fees				97,228
Interest				14,471
Total general revenues				669,870
Change in net assets				656,198
Net assets - beginning				18,706,979
Net assets - ending				\$ 19,363,177

The accompanying notes are an integral part of these financial statements.

STANSBURY SERVICE AGENCY OF TOOELE COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2006

ASSETS	General Fund	Debt Service	Total
Cash and cash equivalents - unrestricted	\$ 122,479	\$ -	\$ 122,479
Cash and cash equivalents - restricted	2,088,288	-	2,088,288
Property taxes receivable	315,405	-	315,405
Other governmental entity - impact fees receivable	77,400	-	77,400
Other receivables	4,414	-	4,414
Total assets	<u>\$ 2,607,986</u>	<u>\$ -</u>	<u>\$ 2,607,986</u>
LIABILITIES			
Accrued expenses	<u>\$ 11,624</u>	<u>\$ -</u>	<u>\$ 11,624</u>
Total current liabilities	<u>11,624</u>	<u>-</u>	<u>11,624</u>
FUND BALANCES			
Reserved - impact fees	2,165,688	-	2,165,688
Unreserved, undesignated	<u>430,674</u>	<u>-</u>	<u>430,674</u>
Total fund balances	<u>2,596,362</u>	<u>-</u>	<u>2,596,362</u>
Total current liabilities and fund balances	<u>\$ 2,607,986</u>	<u>\$ -</u>	<u>\$ 2,607,986</u>

The accompanying notes are an integral part of these financial statements.

STANSBURY SERVICE AGENCY OF TOOELE COUNTY
RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET ASSETS
DECEMBER 31, 2006

Total governmental funds balances	\$ 2,596,362
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	16,367,026
Other assets are not available to pay for current period expenditures and, therefore, are not reported in the funds.	446,557
Long-term liabilities, are not due and payable in the current period and therefore are not reported in the funds.	<u>(46,768)</u>
Net assets of governmental activities	<u>\$ 19,363,177</u>

The accompanying notes are an integral part of these financial statements.

STANSBURY SERVICE AGENCY OF TOOELE COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
DECEMBER 31, 2006

	General Fund	Debt Service	Total
Revenues			
Impact fees	\$ 365,500	\$ -	\$ 365,500
Property taxes	530,300	27,871	558,171
Capital grants	140,570	-	140,570
Charges for services	71,605	-	71,605
Rental income	24,412	-	24,412
Interest allocated to impact fees	97,228	-	97,228
Interest	14,471	-	14,471
Total revenues	<u>1,244,086</u>	<u>27,871</u>	<u>1,271,957</u>
Expenditures			
Current:			
General government	180,004	-	180,004
Park	63,566	-	63,566
Clubhouse	44,080	-	44,080
Pool	62,414	-	62,414
Golf course	13,847	-	13,847
Lake	29,985	-	29,985
Greenbelt	117,311	-	117,311
Debt Service:			
Principal	25,704	60,000	85,704
Interest expense	2,316	1,858	4,174
Capital outlay:			
General government	21,999	-	21,999
Park	136,500	-	136,500
Lake	29,829	-	29,829
Greenbelt	161,980	-	161,980
Total expenditures	<u>965,250</u>	<u>61,858</u>	<u>1,027,108</u>
Excess of revenues over expenditures	<u>278,836</u>	<u>(33,987)</u>	<u>244,849</u>
Other financing sources (uses)			
Transfers in	-	3,559	3,559
Transfers out	(3,559)	-	(3,559)
Total other financing sources (uses)	<u>(3,559)</u>	<u>3,559</u>	<u>-</u>
Net change in fund balance	275,277	(30,428)	244,849
Fund balance beginning of year (restated)	<u>2,321,085</u>	<u>30,428</u>	<u>2,351,513</u>
Fund balance end of year	<u>\$ 2,596,362</u>	<u>\$ -</u>	<u>\$ 2,596,362</u>

The accompanying notes are an integral part of these financial statements.

STANSBURY SERVICE AGENCY OF TOOELE COUNTY
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2006

Excess of revenues over expenditures - governmental funds \$ 244,849

Amounts reported for governmental activities in the statement of
activities are different because:

Governmental funds report capital outlays as expenditures. However, in the
statement of activities the cost of those assets is allocated over their estimated
useful lives and reported as depreciation expense. This is the amount by which
capital outlays exceeded depreciation in the current period. 325,644

The issuance of long-term debt provides current financial resources to
governmental funds, while the repayment of the principal of long-term debt
consumes the current financial resources of governmental funds. Neither
transaction, however, has any effect on net assets. This amount is the net
effect of these differences in the treatment of long-term debt and related items. 85,705

Change in net assets of governmental activities \$ 656,198

The accompanying notes are an integral part of these financial statements.

STANSBURY SERVICE AGENCY OF TOOELE COUNTY
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL GOVERNMENT
FOR THE YEAR ENDED DECEMBER 31, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Impact fees	\$ 235,000	\$ 235,000	\$ 365,500	\$ 130,500
Property taxes	502,782	543,070	530,300	(12,770)
Capital grants	6,572	144,142	140,570	(3,572)
Charges for services	47,000	70,973	71,605	632
Rental income	25,000	24,400	24,412	12
Interest allocated to impact fees	-	-	97,228	97,228
Interest	5,000	14,273	14,471	198
Contributions from developers	40,000	54,141	-	(54,141)
Total revenues	861,354	1,085,999	1,244,086	158,087
Expenditures				
Current:				
General government	187,650	246,797	180,004	66,793
Park	59,246	63,746	63,566	180
Clubhouse	39,500	47,850	44,080	3,770
Pool	50,500	62,600	62,414	186
Golf course	12,000	14,000	13,847	153
Lake	30,000	30,000	29,985	15
Greenbelt	117,006	118,006	117,311	695
Debt Service:				
Principal	25,704	25,704	25,704	-
Interest expense	1,316	2,316	2,316	-
Capital outlay:				
General government	22,980	22,980	21,999	981
Park	153,000	153,000	136,500	16,500
Golf course	83,000	83,000	75,715	7,285
Lake	30,000	30,000	29,829	171
Greenbelt	38,452	179,142	161,980	17,162
Total expenditures	850,354	1,079,141	965,250	113,891
Excess of revenues over expenditures	11,000	6,858	278,836	271,978
Other financing sources (uses)				
Transfers out	-	-	(3,559)	3,559
Total other financing sources (uses)	-	-	(3,559)	3,559
Net change in fund balance	11,000	6,858	275,277	275,537
Fund balance beginning of year (restated)	2,321,085	2,321,085	2,321,085	-
Fund balance end of year	\$ 2,332,085	\$ 2,327,943	\$ 2,596,362	\$ 275,537

The accompanying notes are an integral part of these financial statements.

STANSBURY SERVICE AGENCY OF TOOELE COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

NOTE 1. SUMMARY OF ACCOUNTING POLICIES

Stansbury Service Agency of Tooele County (the Agency), was created in 1992 by an Interlocal Agreement between Stansbury Recreation Service Area of Tooele County and Stansbury Greenbelt Service Area of Tooele County, both political subdivisions of the State of Utah created by authority of the Utah County Service Area Act, Code 17A-2-401. The Agency is a separate entity of government and, as such, is subject to providing Greenbelt and Recreation services to the Stansbury Park area. The Board members are elected by vote of Stansbury Park property owners.

The Agency's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and other authoritative sources. Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements.

The more significant of the government's accounting policies are described below.

A. The Reporting Entity

The Agency follows the standards promulgated by GASB Statement No. 14, *The Financial Reporting Entity*, and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, to define the reporting entity. The financial statements include all operations over which the Agency is financially accountable. The Agency is not a participant in any joint venture and has not identified any entities which would be component units of the Agency.

The Agency is not a component unit of Tooele County.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the Agency's activities. The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported as *general revenues*.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

STANSBURY SERVICE AGENCY OF TOOELE COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

NOTE 1. SUMMARY OF ACCOUNTING POLICIES (Continued)

C. Measurement Focus and Basis of Accounting

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they become available. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Expenses are recorded when liabilities are incurred.

The use of financial resources to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as another financing source. Amounts paid to reduce long-term debt of the Agency are reported as a reduction of the related liability, rather than an expenditure.

GOVERNMENTAL FUND FINANCIAL STATEMENTS

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt-service expenditures are recorded only when payment is due.

Property taxes are measurable as of the date levied (assessed) and are recognized as revenues when they become available. Available means when due or past due, and received within the current period or collected soon enough thereafter (within 60 days) to be used to pay liabilities of the current period.

The accounts of the Agency are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund balance, revenues, and expenditures or expenses as appropriate.

STANSBURY SERVICE AGENCY OF TOOELE COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

NOTE 1. SUMMARY OF ACCOUNTING POLICIES (Continued)

C. Measurement Focus and Basis of Accounting (continued)

USE OF RESTRICTED FUNDS

When both restricted and unrestricted resources are available for use, it is the Agency's policy to use restricted resources first, then unrestricted resources as they are needed.

The Agency reports the following major governmental funds:

GENERAL FUND

The General Fund is the general operating fund of the Agency. It is used to account for all financial resources except those required to be accounted for in another fund.

DEBT SERVICE FUND

Debt service fund is used to account for long-term liabilities to be financed from government funds.

D. Other Accounting Policies

Encumbrance accounting is not maintained by the Agency. Due to the size of the Agency, maintaining files is considered adequate to keep track of purchase orders, contracts, and other commitments. The Agency recognizes a liability for accumulated unpaid vacation for eligible employees.

E. Impact Fees

The Agency imposes impact fees for the development of open space, trails, recreation facilities and parks for the Stansbury Park area. The Agency adopted a capital facilities plan to determine the construction costs for calculating the amount of the impact fees. The Agency accounts for all impact fees by depositing them into a separate interest bearing account.

Impact fees amounting to \$365,500 were recognized in revenue and \$77,400 were available at Tooele County Assessor but not yet remitted as of December 31, 2006.

For the year ended December 31, 2006, the Agency expended \$211,227 for capital improvements from impact fees. The Agency is required to refund all impact fees, plus interest, if they have not expended the collected impact fees according to the capital facilities plan within six years of their receipt. The Agency is not liable for any refunds at December 31, 2006.

STANSBURY SERVICE AGENCY OF TOOELE COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

NOTE 1. SUMMARY OF ACCOUNTING POLICIES (Continued)

G. Budgets and Budgetary Accounting

The Agency follows these procedures in establishing the budgetary date reflected in the financial statements:

1. By the first regular scheduled board meeting in November, a proposed operating budget is submitted for the year commencing the following January 1st. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. By December 15th, the budget is legally enacted through passage of an ordinance.
4. The Board approves, by ordinance, total budget appropriations only. The Treasurer is authorized to transfer budget amounts between line items within the fund; however, any revisions that alter the total appropriations of any fund must be approved by the Board. The Agency must hold a hearing to alter the total expenditures of the general fund. Therefore, the level of budgetary responsibility is total appropriations; however, for report purposes, this level has been expanded to a functional basis.
5. Unused appropriations for all of the above annually budgeted funds lapse at the end of year.
6. The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

H. Estimates and Assumptions

The Agency uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses.

I. Property Tax Calendar

Property taxes attach as an enforceable lien on property as of January 1st. Taxes are levied on June 15th and are due November 30th.

STANSBURY SERVICE AGENCY OF TOOELE COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

NOTE 1. SUMMARY OF ACCOUNTING POLICIES (Continued)

J. Risk Management

The Agency purchases insurance from an independent carrier to provide worker's compensation coverage and general liability and property insurance. There were no significant reductions in insurance coverage from the prior year.

K. Governmental Fund Balance Reserves

The Agency records reservations for portions of governmental fund balances which are legally segregated for specific future use or which do not represent available spendable resources and therefore not available for appropriation. Unreserved fund balance indicates the portion of fund balance which is available for appropriation in future periods. Reservations of fund balance are established for impact fees to be spent on future capital projects.

NOTE 2. CASH AND CASH EQUIVALENTS

For purposes of the statement of cash flows, the Agency considers all highly liquid investments (including restricted assets) with a maturity when purchased of three months or less and all local government investment pools to be cash equivalents. The Agency maintains a cash and investment pool that is available for use by all funds. Interest earned on these funds is allocated to the funds based on their balance, which relate to pooled cash. Each fund's portion of this pool is displayed on the combined balance sheet. Following are the components of the Agency's cash and investments at December 31, 2006:

Cash and cash equivalents - unrestricted	\$ 122,479
Cash and cash equivalents - restricted	<u>2,088,288</u>
Total	<u>\$ 2,210,767</u>

Deposits

At December 31, 2006, the carrying amount of the Agency's deposits was \$36,635 and the bank balance was \$43,254, all of which was covered by the NCUA. Deposits are not collateralized nor are they required to be by state statute. However, the State Commissioner of Financial Institutions monitors financial institutions and establishes limits for deposit of public money at individual financial institutions, and the Agency follows these recommendations.

STANSBURY SERVICE AGENCY OF TOOELE COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

NOTE 2. CASH AND CASH EQUIVALENTS (Continued)

The Agency follows the requirements of the Utah Money Management Act (Utah Code Annotated 1953, Section 51, Chapter 7) in handling its depository and temporary investment transactions. This law requires the deposit of Agency funds in a "qualified depository". The Act defined a "qualified depository" as any financial institution whose deposits are insured by an agency of the Federal Government and which has been certified by the Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

Investment

At December 31, 2006, the Agency's investments balances were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity</u>	<u>Rating</u>
Utah Public Treasurer's Investment Fund	\$2,174,132	N/A	Unrated

Interest Rate Risk. The Agency has no policy regarding interest rate risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the Agency invests in the Utah public Treasurer's Investment Fund which is short term. *Credit Risk.* The Agency has no policy regarding credit risk. The investment in the Utah Public Treasurer's Investment Fund is unrated. These monies are invested primarily in money market securities.

Custodial Credit Risk. For an investment, the custodial risk is the risk that in the event of the failure of the counterparty, the Agency will not be able to recover the value of its investments that are in the possession of an outside party.

Concentration of Credit Risk. The Agency places no limit on the amount that the Agency may invest in any one issuer. The Agency has no concentration of credit risk.

The Utah Public Treasurer's Investment Fund (UPTIF) is an external deposit and investment pool wherein governmental entities are able to pool the monies from several entities to improve investment efficiency and yield. These monies are invested primarily in money market securities and contain no withdrawal restrictions. As such, the monies invested in this fund are not insured and are subject to the same market risks as any similar investment in money market funds. The Fund is not SEC registered. The fair value of the Agency's position in the fund is the same as the value of the fund shares.

STANSBURY SERVICE AGENCY OF TOOELE COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006.

NOTE 2. CASH AND CASH EQUIVALENTS (Continued)

Restricted Assets

General Fund – The restricted cash of \$2,088,288 consist of reserves from impact fees received and funds for construction to be used only for the purpose defined by contract or under legal provisions.

NOTE 3. SUMMARY OF CHANGES IN FIXED ASSETS

The Agency used the straight line method of depreciation over estimated lives of three to twenty years. Property, plant and equipment purchased or acquired is carried at historical cost or estimated historical cost. For the year ended December 31, 2006, depreciation expense was \$100,379. A summary of the fixed assets is as follows:

	December 31, 2005	Additions	Disposals	December 31, 2006
Land	\$ 15,024,468	\$ -	\$ -	\$ 15,024,468
Land Improvements	133,767	-	-	133,767
Greenbelt improvements	199,897	161,980	-	361,877
Buildings	683,766	-	-	683,766
Building improvements	11,894	-	-	11,894
Equipment and vehicles	280,210	51,828	-	332,038
Parks	729,889	77,626	-	807,515
Recreation facilities	5,307,010	36,963	-	5,343,973
Construction in progress	-	97,626	-	97,626
	<u>22,370,901</u>	<u>426,023</u>	<u>-</u>	<u>22,796,924</u>
Less: Accumulated depreciation	<u>(6,329,519)</u>	<u>(100,379)</u>	<u>-</u>	<u>(6,429,898)</u>
	<u>\$ 16,041,382</u>	<u>\$ 325,644</u>	<u>\$ -</u>	<u>\$ 16,367,026</u>

NOTE 4. BOND INDEBTEDNESS

On November 7, 1995, the Agency, in a duly authorized and advertised public meeting voted for the proceedings for a general obligation bond issue. On May 8, 1996, \$500,000 of General Obligation Recreation Bonds, Series 1996, were issued in the name of Stansbury Recreation Service Area, Tooele County, Utah.

STANSBURY SERVICE AGENCY OF TOOELE COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

NOTE 4. BOND INDEBTEDNESS (Continued)

Principal is due annually beginning February 15, 1997, with interest payments due semi-annually on February 15th and August 15th of each year having interest rates ranging from 4.9% to 5.7%. The first payment was due on February 15, 1997. The proceeds from the bond were used to acquire and construct recreation improvements and paying bond issuance related costs. At December 31, 1996, the Agency expended all of the proceeds generated from the bond issue.

The change in the General Obligation Recreation Bond Series 1996 indebtedness for the reporting period is:

General long-term debt	Balance outstanding <u>12/31/05</u>	Amount of principal <u>paid</u>	Balance outstanding <u>12/31/06</u>
General Obligation Recreation Bonds Series 1996, original amount \$500,000	\$ 60,000	\$ 60,000	\$ -

NOTE 5. LONG-TERM LIABILITY

The Agency financed the purchase of a fixed asset in the amount of \$72,473 on October 26, 2005, bearing interest of 7%. Annual payments in the amount of \$28,020 are due by November 1.

	Balance			Balance	
	Outstanding			Outstanding	Due
	<u>12/31/05</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/06</u>	<u>Within</u>
					<u>One Year</u>
Notes payable	\$ 72,473	\$ -	\$ (25,705)	\$ 46,768	\$ 23,603
Total	<u>\$ 72,473</u>	<u>\$ -</u>	<u>\$ (25,705)</u>	<u>\$ 46,768</u>	<u>\$ 23,603</u>

STANSBURY SERVICE AGENCY OF TOOELE COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

NOTE 5. LONG-TERM LIABILITY (Continued)

Future payments are as follows:

<u>Year ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 24,547	\$ 3,473	\$ 28,020
2008	<u>22,851</u>	<u>1,755</u>	<u>24,606</u>
	<u>\$ 47,398</u>	<u>\$ 5,228</u>	<u>\$ 52,626</u>

NOTE 6. RESTRICTED NET ASSETS

The government-wide statement of net assets reports \$2,165,688 of restricted net assets, all of which is restricted by enabling legislation.

NOTE 7. FUND BALANCE BEGINNING OF YEAR (RESTATED)

Governmental funds do not record long term liabilities because they are not paid from current resources. However, at December 31, 2005, a long term liability was incorrectly recorded in the general fund, resulting in the fund balance being understated. The following analysis shows the calculation of the restated beginning fund balance at December 31, 2005:

	<u>General Fund</u>	<u>Debt Service</u>	<u>Total</u>
Fund balance beginning of year (original)	\$ 2,248,612	\$ 30,428	\$ 2,279,040
Adjustment	<u>72,473</u>	<u>-</u>	<u>72,473</u>
Fund balance beginning of year (restated)	<u>\$ 2,321,085</u>	<u>\$ 30,428</u>	<u>\$ 2,351,513</u>

SUPPLEMENTAL INFORMATION

STANSBURY SERVICE AGENCY OF TOOELE COUNTY
SCHEDULE OF IMPACT FEES - RECREATION
DECEMBER 31, 2006

	2001	2002	2003	2004	2005	2006	Total
Impact fee transactions							
Impact fees - collected	\$ 230,400	\$ 363,350	\$ 285,950	\$ 521,910	\$ 645,270	\$ 365,500	\$ 2,412,380
Interest earned in prior years	11,161	26,888	15,243	19,802	9,746	54	82,894
Interest earned in current year	-	14,627	14,803	26,625	32,194	8,979	97,228
Total impact fees and interest	<u>241,561</u>	<u>404,865</u>	<u>315,996</u>	<u>568,337</u>	<u>687,210</u>	<u>374,533</u>	<u>2,592,502</u>
Expenditures							
Expenditures in 2001	-	-	-	-	-	-	-
Expenditures in 2002	(82,327)	-	-	-	-	-	(82,327)
Expenditures in 2003	(81,873)	-	-	-	-	-	(81,873)
Expenditures in 2004	(51,387)	-	-	-	-	-	(51,387)
Expenditures in 2005	-	-	-	-	-	-	-
Expenditures in 2006	(25,974)	(185,253)	-	-	-	-	(211,227)
Total expenditures	<u>(241,561)</u>	<u>(185,253)</u>	-	-	-	-	<u>(426,814)</u>
Net balance	\$ -	\$ 219,612	\$ 315,996	\$ 568,337	\$ 687,210	\$ 374,533	\$ 2,165,688
Projected Expenditures:							
Picket Lane Neighborhood Park (2007)		\$ 89,000					
Village Boulevard Park (2007)		84,000					
Frontage Road Greenbelt (2007)		130,000					
Golf Course Pavillion (2007)		7,285					
Clubhouse Park (2007)		35,000					
Parcel Nine Community Park (2008 - 2015)		754,000					
Stansbury Place Neighborhood Park (2008 - 2015)		300,000					
Miscellaneous Parks (2008 - 2015)		10,000					
Park Infrastructure - Land (2007 - 2015)		4,422,000					
Park Infrastructure - Water (2007 - 2015)		270,000					
Total projected expenditures		<u>\$ 6,101,285</u>					

STANSBURY SERVICE AGENCY OF TOOELE COUNTY

MANAGEMENT REPORT

DECEMBER 31, 2006

STANSBURY SERVICE AGENCY OF TOOELE COUNTY

MANAGEMENT REPORT

DECEMBER 31, 2006

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

To the Board of Trustees
Stansbury Service Agency of Tooele County

We have audited the financial statements of the governmental activities, and each major fund of Stansbury Service Agency of Tooele County as of and for the year ended December 31, 2006, which collectively comprise Stansbury Service Agency of Tooele County's basic financial statements and have issued our report thereon dated June 19, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Stansbury Service Agency of Tooele County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Stansbury Service Agency of Tooele County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Stansbury Service Agency of Tooele County's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects Stansbury Service Agency of Tooele County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of Stansbury Service Agency of Tooele County's financial statements that is more than inconsequential will not be prevented or detected by Stansbury Service Agency of Tooele County's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Stansbury Service Agency of Tooele County's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Stansbury Service Agency of Tooele County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of Stansbury Service Agency of Tooele County in the attached schedule of findings, recommendations, and responses – current year.

This report is intended solely for the information and use of the Agency's Board of Trustees, management and is not intended to be and should not be used by anyone other than those specified parties.

Wiggins & Co. P.C.

Sandy, Utah
June 19, 2007

INDEPENDENT AUDITOR'S REPORT ON
STATE OF UTAH LEGAL COMPLIANCE

To the Board of Trustees
Stansbury Service Agency of Tooele County

We have audited the financial statements of the governmental activities, and each major fund of Stansbury Service Agency of Tooele County as of and for the year ended December 31, 2006, which collectively comprise Stansbury Service Agency of Tooele County's basic financial statements and have issued our report thereon dated June 19, 2007.. Our audit included testwork on the Agency's compliance with the following general compliance requirements identified in the State of Utah Legal Compliance Audit Guide:

- Public Debt
- Cash Management
- Purchasing Requirements
- Budgetary Compliance
- Truth in Taxation and Property Tax Limitations
- Special Districts
- Other General Compliance Issues
- Impact Fees and Other Development Fees

The Agency did not receive any major or nonmajor State grants during the year ended December 31, 2006.

The management of Stansbury Service Agency of Tooele County is responsible for the Agency's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the Agency's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed an immaterial instance of noncompliance with the requirements referred to above , which is described as Finding 06-01 in the accompanying schedule of findings, recommendations, and responses – current year. We considered these instances of noncompliance in forming our opinion on compliance, which is expressed in the following paragraph.

In our opinion, the Stansbury Service Agency of Tooele County, complied, in all material respects, with the general compliance requirements identified above for the year ended December 31, 2006.

Wiggins & Co. P.C.

Sandy, Utah
June 19, 2007

STANSBURY SERVICE AGENCY OF TOOELE COUNTY
SCHEDULE OF FINDINGS, RECOMMENDATIONS
AND RESPONSES – CURRENT YEAR

FINDING 06-01 STATE OF UTAH LEGAL COMPLIANCE

Finding:

The tax commission requires the filing of form TC-693 tax rate summary. The form includes a "budgeted revenue". The amount in "budgeted revenue" should be the same as the revenue amounts in the agency's adopted budget. The Agency's adopted and amended budgeted revenue was not the same as reported on form TC-693

Recommendation:

The Agency should comply with Utah code by budgeting the same revenue reported on TC-693.

Response:

The Agency agrees with this finding and will implement the recommendation.

**STANSBURY SERVICE AGENCY OF TOOELE COUNTY
SCHEDULE OF FINDINGS, RECOMMENDATIONS
AND RESPONSES – PRIOR YEAR**

FINDING 05-01 STATE OF UTAH LEGAL COMPLIANCE

Finding:

The tax commission requires the filing of form TC-693 tax rate summary. The form includes a "budgeted revenue". The amount in "budgeted revenue" should be the same as the revenue amounts in the agency's adopted budget. The Agency's adopted and amended budgeted revenue was not the same as reported on form TC-693

Recommendation:

The Agency should comply with Utah code by budgeting the same revenue reported on TC-693.

Status:

The Agency has not implemented the recommendation. See current year schedule.